in the matter of finances of the States? I would like to know about the monitoring system and its effects.

SHRI P. CHIDAMBARAM: Sir, States are virtually sovereign. ...(*Interruptions*)... I said, virtually. ...(*Interruptions*)... States have elected Assemblies and elected Chief Ministers. Therefore, all that the Government of India can do is to urge them to follow prudent fiscal policies and control their expenditure and improve their finances. But, then, the Government of India has taken a number of steps to help in the fiscal adjustment in States. Now, the Government of India has taken three major initiatives which the hon. Member is fully aware of. The first is the fiscal reform facility undertaken under the Medium Term Fiscal Reform Programme introduced by the previous Government in 2000-2001, which, I think, is a very good initiative. The second is the Accelerated Power Development and Reform Facility under which also a number of States have taken advantage of the facility. The third is the Urban Reforms Incentive Funds Scheme. These are three major initiatives. I think, the States, which have adopted these initiatives, have succeeded in improving their finances. We will follow all these three initiatives and ensure that all States take advantage of these initiatives and improve their finances.

**205. [The questioner (Shri Rishang Keishing) was absent for answer vide page 31.]*

Increase in Account Maintenance charges

*206. SHRIMATI PREMA CARIAPPA: Will the Minister of FINANCE be pleased to state:

(a) whether National Security Depository Limited sponsored Depository Participants have increased Account Maintenance charges from Rs. 75-/ p.a. to Rs. 150/- p.a. and then to Rs. 300/- p.a. during the last three years;

(b) whether this increase has been approved by proper communication to customers (shareholders/investors); and

(c) if not, what action Government propose to take to stop this arbitrary increase so that such an action can help in reviving the stock markets?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM: (a) to (c) A Statement is placed on the Table of the House.

Statement

(a) The Securities and Exchange Board of India (SEBI) has informed that the Depositories Act, 1996 and the SEBI (depositories and Participants) Regulations, 1996 do not lay down any structure for charges to be levied by the depository or by a Depository Participant (DP) on the clients. The depository levy fees on its DPs and DPs, in turn, charge their clients. The National Securities Depository Limited (NSDL) has informed that while some DPs charge Annual Maintenance Charges (AMC) of a nominal amount of Rs. 60/- per annum to Rs. 100/- per annum, some other DPs charge Rs. 250/- per annum to Rs. 300/- per annum. Thus, these are commerical issues and it is expected that competition and service standards would determine the level of various charges.

(b) and (c) DPs are free to devise as well as revise their charge structure depending on the types of services offered by them to their clients. In terms of the bye-laws of the NSDL, the DP may revise the charges subject to giving not less than thirty days' notice, in writing to the client.

SHRIMATI PREMA CARIAPPA: Mr. Chairman, Sir, as per the answer given in part (a) of the question by the hon. Minister for Finance, the depository or depository participants are free to charge their clients levy fee on their own valuation. Sir, I would like to know from the hon. Minister whether charging of levy is preventing small investors from becoming members of the depository.

SHRI P. CHIDAMBARAM: Sir, depository participants are 214 in number. It is market driven. There is intense competition. Yet, I think that the depsitorry participants are sometimes charging fees and other charges, which are perhaps too burdensome for the small investors.

Today, the small investor can trade in non-dematerialised shares *i.e.* paper share certificates if the transaction does not exceed 500 shares. but virtually that means that everybody has to trade in materialised shares. If you want to trade in materialised shares, you must trade only through one of the depositories. My personal view is that these charges should come down. But these are, as I said, market driven. Nevertheless, I find that SEBI had appointed a group to examine these charges; the group has made a number of recommendations. I intend to ask SEBI to ensure that these recommendations are accepted and implemented.

SHRIMATI PREMA CARIAPPA: Sir, the Depositories Act, 1996 do not provide any structure for charges to be levied in this regard. As such,

the clients have been left at the mercy of the depositories. I would like to know from the hon. Minister whether Governemnt is contemplating any amendment to this Act or in the regulations so as to bring uniformity throughout the country?

SHRI P. CHIDAMBARAM: Sir, this is market driven and based on competition. There are 214 depository participants. We think that as turn over improves, competition will drive down prices. But I am willing, short of amending the Act, I am also willing to ask SEBI to nudge the depositories to accept the recommendations and try to bring down the charges.

LNG Terminal at Mangalore

*207. SHRI K.B. KRISHNA MURTHY: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether ONGC proposes to sign a Memorandum of Understanding with Karnataka Government to set-up an LNG Terminal at Mangalore coast;

(b) if so, the details thereof; and

(c) by when, it will be set-up?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MANI SHANKAR AIYAR): (a) to (c) A Statement is laid on the Table of the House.

Statement

(a) to (c) ONGC proposes to develop an LNG terminal at Mangalore for the import and regassification of LNG. This will cater to the potential demand for natural gas in the Southern region. The proposal is at a preliminary stage. While, at present, ONGC has no proposal for signing an MoU with the Gvoernment of Karnataka, if, at a later stage, facilitation by the State Government is required, ONGC will approach the Government of Karnataka in this regard.

SHRI K.B. KRISHNA MURTHY: Thank you, Sir. Sir, I am happy with the answer of the Minister. But I have two supplementaries for him. Since the proposal of setting up an LNG terminal at Mangalore in Karnataka State by ONGC to cater to the demands of natural gas in the Southern region is at the preliminary stage, as per the Minister's answer, I want to know: how soon a final decision will be taken up to set up an LNG terminal at Mangalore, since LNG is of prime relevance to replace